THE
Dan Smoot Report

Vol. 11, No. 52 (Broadcast 540) December 27, 1965 Dallas, Texas

DAN SMOOT

INSANITY IN WASHINGTON

by U. S. Representative Otto E. Passman, Louisiana Democrat, Member of the House Committee on Appropriations, Chairman of the Foreign Operations Subcommittee

(The following was taken, with permission, from a speech which Congressman Passman made to the Public Affairs Luncheon Club of Dallas on November 15, 1965.)

I am not speaking as a Democrat, or as a Republican, but as an American—not only as a member of Congress, but also as a businessman. I shall speak frankly to point out certain changes that are taking place in our government, leading us into a socialistic state.

If I am to help preserve our form of government, then I must speak frankly about the programs that are leading us in that direction. The record shows that in all ages, where republican forms of government have been lost, it has been through the pretense of a "share-the-wealth" program, and a blind faith in public officials.

Americans should be reminded that the more freely Washington spends their money, and the larger the annual deficit, the less their earned and saved dollars will buy. Deficit spending will never be stopped until such time as business people evaluate their leaders for what they are, rather than for what they say they are.

The wealth and brains of our Nation are in the fifty States, not in Washington. If what we are doing in Washington under the "Great Society" leadership is right — then the procedures under our Constitution which made this Nation great, free, strong, advanced and wealthy, were wrong.

We should never assume that when a man is elected to high office, he automatically becomes honest, or sincere — or even smart. Elected public officials are our servants, not our masters. We should never hesitate to challenge them when in our opinion they are not acting in the best interest of America.

THE DAN SMOOT REPORT, a magazine published every week by The Dan Smoot Report, Inc., mailing address P. O. Box 9538, Lakewood Station, Dallas, Texas 75214; Telephone TAylor 1-2303 (office address 6441 Gaston Avenue). Subscription rates: $10.00 a year, $6.00 for 6 months, $18.00 for two years. For first class mail $12.50 a year; by airmail (including APO and FPO) $14.50 a year. Reprints of specific issues: 1 copy for 25¢; 6 for $1.00; 50 for $5.50; 100 for $10.00—each price for bulk mailing to one person. Add 2% sales tax on all orders originating in Texas for Texas delivery.

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Voters did not give a mandate to the President to bankrupt America and destroy our sovereignty, or to the Congress to rubber-stamp all proposals submitted by the President. Most of the legislation rammed through the Congress by the "Great Society" architects is as socialistic as any legislation to be found in any acknowledged socialistic country.

Each year in the Congress, we see fewer leaders and more followers. Hundreds of millions of dollars are being spent for propaganda, endeavoring to convince the American people that governmental paternalism and welfarism are for their best interests.

Those of us who are pledged to responsible government need the backing of concerned citizens from back home. Unless responsible citizens face up to their task, socialism will become the form of government in America.

The spirit of self-reliance that animated the earliest settlers and which for more than a century and a half inspired Americans to exercise their initiative and develop this country through hard work, while preserving their independence from too much government, is disappearing.

What right has the President — what right has the Congress—to spend unnecessarily your savings of the past through inflation, your earnings of the present, and then place a debt upon the heads of unborn generations, when the purpose is mainly to establish a one-party system in our country?

There are many in high places in government who have little concern about the policies that made America what it is, and less concern about preserving them.

The affairs of government need *your* attention. It is for the best interests of our country that its citizens inform themselves, that they recognize the frightening facts and deal with them firmly. Otherwise, we will soon live under a socialistic form of government. The myth of governmental paternalism and irresponsible welfarism must be exposed. Remember, federal handouts are intended primarily to control the people for voting and political purposes. It is a delusion to expect that the government can end poverty with your money. The government has nothing of its own to give away — except that which it takes from the people through taxing and borrowing.

Through the scheme of trying to do everything for everybody everywhere, savings are drained from the thrifty of the past and given, free, to be consumed by those who have not and, in most instances, care not. This is the opposite of capital formation on which productivity rests and on which relief from poverty actually depends.

The Administration's programs are a political giveaway — a redistribution of people's wealth and savings — with nothing formative, productive or creative about them.

Your government is a spender — not an earner. Anything the government gives the people, it must first take from them. Never in the history of America has it been proposed to take away so much from so many to do so little for so few.

We should keep in mind that a government big enough to give you everything you want is a government big enough to take away everything you have, including your freedoms.

We are not creeping — we are running — towards a socialistic form of government in America. We are dissipating our wealth and burning ourselves out, forming a socialistic government in America, and helping to form and finance socialistic governments all over the world.

On the surface, it would appear that we have a strong economy in America, that we are enjoying great prosperity. But, upon what basis can some of the present prosperity be explained?

Our record of government spending can be compared with the actions of an individual who was thrifty and saved for a rainy day. But, suddenly he stopped saving and raised his standard of living first to the level of his earnings; then, he started spending his savings of the past. Finally, he wanted to live even higher, so he started borrowing against his future earnings. No doubt,

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such a person would enjoy living it up in this manner if he did not take into account what the consequences would be when his savings were gone and his credit exhausted.

I am not against necessary Federal programs; however, I am against Federal programs that are designed to lead us into a socialistic state and control our private lives from the cradle to the grave. I say again, we are spending money we do not have for things we do not need.

If there are those who question the fact that we are dissipating the savings of the past through inflation, then check the purchasing power of the dollar in 1940 against the purchasing power of the dollar in 1965. Somewhere along the way, mainly by our government's policies of waste and extravagance, and by spending money we did not have for things we did not need, the dollar, since 1940, has lost 57 percent of its purchasing power.

On December 31, 1964, our borrowed-money public debt amounted to 318 Billion Dollars. Statutory obligations calling for the pay-out of money in subsequent years for services previously rendered, amounted to 800 Billion Dollars. The two together make a real public debt, or obligation, for services *previously* rendered, of 1 Trillion, 118 Billion Dollars.

These obligations amount to approximately 23 Thousand Dollars per family of four in America, or, 5 Thousand, 750 Dollars for every living American. And, this figure does not include the heavy additional obligations of state and local units of government.

We usually think that borrowed money is our only public debt, but this is the smallest part of the total of federal obligations. The statutory obligations call for the pay-out of money in subsequent years for services previously rendered. The government created no reserves to pay for these services at the time they were being performed; so, present and future generations must pay the bill. I want to explain a few of the statutory obligations:

It requires over One Billion Dollars annually to pay the pensions of present retired military personnel — and, it will be 132 years before the last check is drawn to the dependents of present retired military personnel. Neither the government nor the retired military personnel created any reserves to pay for these benefits.

Veterans' benefits approach Six Billion Dollars annually. It will require 128 years to meet our obligations to the present living veterans and their dependents.

It costs the government in excess of One Billion Dollars annually to meet its part of the retirement program of present retired federal employees. The employee makes his contribution toward his retirement pay, but the government does not. The government's share must come out of current revenues.

Interest on the public debt is approaching Twelve Billion Dollars annually. Paying the public debt — or any part of it — is never mentioned by the "Great Society" architects.

It is also well to keep in mind that the expected 100 Billion Dollar budget for the new fiscal year which began July 1, tends, as do all our annual budgets, to hide from the public the full extent of federal receipts and expenditures. Disbursements during fiscal year 1966 will exceed 130 Billion Dollars. This figure is 30 Billion Dollars above the estimates for expenditure of the generally publicized budget figure. The difference is accounted for by the fact that the budget items presented to the public cover only the administrative budget where the money must be appropriated by the Congress. This does not include the 30 Billion Dollars of receipts and disbursements in trust funds and other accounts, and the several statutes that permit funds to be withdrawn from the U. S. Treasury without a prior appropriation.

Our federal budget has been balanced only six times during the past 36 years. There was an operating deficit of nearly 4 Billion Dollars for the fiscal year which ended June 30, this year; and it is anticipated the same will be true on and on into the future, unless the people decide to

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put a stop to the squandering of their wealth.

Does it not frighten you to realize that during the years of our greatest revenues our government has had the largest deficits?

Deficit spending creates inflation — inflation which has brought the purchasing power of the 1940 dollar down to forty-three cents on the 1965 market.

Nothing is easier than the expenditure of public money — your money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody.

Under the first 24 months of operation of the "Great Society," the present Administration, dealing with an extremely responsive Congress, secured the adoption of more socialistic legislation than during the previous 176 years of existence of our government. Here are some of the plus programs approved or pending:

Manpower Development and Training—Youth Employment — Health Professions Assistance — Teachers' Corps—Higher Education—Inter-American Bank—Far Eastern Bank—Accelerated Public Works—Community Facilities—Area Redevelopment — Beautification — Mass Transit — Appalachian Aid—War on Poverty—Food Stamp Plan—Federal Aid to Education—Socialized Medicine—Direct Rent Subsidies—and now, direct Wage Subsidies are being proposed to equalize living standards regardless of individual ability and initiative.

It is estimated that the first year's cost of the super duper programs already passed under the "Great Society" will exceed 11 Billion Dollars, and at the end of the tenth year, the cost will have exceeded 125 Billion Dollars. Also, there are many more costly programs in the making.

We must stop the rivers of waste occasioned by the extravagance of our public leaders, or else some day regret our complacency and reluctance to speak out.

Another matter of deep concern to me and of great importance to the American people is the rate by which we have been giving our wealth away to foreign nations. *I find not a word, a line, a clause, or a provision in the Federal Constitution that authorizes the foreign aid program.* Even with the outpouring of billions of dollars all over the world, there is little indication that we are admired or respected for our generousity.

This nation became great building a world reputation based on trade. Giving away our wealth to secure friends is a new concept in foreign policy; and the record will show that it has contributed to bringing about a world of confusion and turmoil, with America having fewer friends now than when we started the program.

Foreign-aid dollar diplomacy has been about our only foreign policy since the end of World War II. It is the most misguided, disappointing, expensive experiment in foreign relations ever undertaken. Our foreign-aid program has been a dismal failure.

Aid is scattered all over the world. It is received grudgingly and resentfully. We are now experiencing the truth of this, but the aid bill grows larger. Yet, the United States today is the most vilified nation on the globe, simply because it has offered aid to buy friends. This we do not admit, but is is true, nevertheless, and the recipients know it.

It is time to stop this giveaway program before we have given away your life's savings, or encumbered them to the point that you have lost most of your control over them.

It is humiliating to face up to the fact that some of the recipient nations have said to us, "Get out! To hell with your aid, we do not want it or need it." Yet, we still have aid programs going in these countries.

The aid program is the most flexible program ever known to our government. The Executive branch presents its requests for appropriations for foreign aid on an "illustrative" basis. Congress does not actually know to what projects or to what countries the money will go. As the AID Agency operates, they can testify for funds for a

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road in Burma, but use the money for a brick building in Algeria.

The budget request for the aid program is so slipshod that all of their estimates for funds are a guess of the wildest sort.

In view of the uncertainties, waste and built-in contingencies of foreign aid, the Administration in power must bluff, flatter and flimflam members of Congress to keep the global giveaway program going.

Only a few people have gone into the program's ramifications and misrepresentations thoroughly enough to be informed on the subject. And, those best informed certainly are not in the Executive branch of our government. The facts are conclusive that the foreign-aid program is beyond the realm of reason.

U. S. aid often encourages the development of perpetuation of socialism by leaders anxious to maintain power on all facets of life in their countries. U. S. aid frequently never gets any farther than the ruling class of a country. Usually, the United States gets no recognition for the good our aid is said to accomplish.

Massive aid is given to communist countries, other unfriendly countries, and so-called "neutralist" countries. Now, it is suggested that we open it up to other communist countries.

The foreign-aid program has created a serious threat to the dollar and America's gold reserves.

Foreign aid is a major factor contributing to the continuing increase in our public debt. It is substantially responsible for our annual operating deficit. It is mainly responsible for our dangerous balance-of-payments situation.

Foreign aid creates foreign competition; it is mainly responsible for our frightening, ever-increasing, non-competitive position in world markets.

The program, this year alone, will dissipate your wealth and resources in 98 countries of the world at a cost of more than 10 Billion Dollars, when you include the annual interest on what we have borrowed to give away.

No program in the history of mankind has had as many paid lobbyists as the foreign aid program. It would take many pages, if not a book, to list the names of all individuals who are lobbying for or are recipients of the program.

All nations, large and small, old and new, earn dollars or other convertible currencies from their exports. But, when nations are credited free with foreign-aid dollars with which they may purchase our goods, the invoices are sent to the U. S. Treasury for payment — from the taxpayers' till — not to the governments which receive our goods and services.

In normal practice, when the United States sells a nation goods, the U. S. receives something in return: dollars, gold or goods. Under the foreign aid program, however, it is a one-way deal; the goods go out, the U. S. Treasury pays the bills, and the United States receives very little of a tangible nature in return. Since the nation gets free what it would normally spend its dollars for, it can use the dollars it earns from its exports to buy our gold.

So great has been America's outpouring of wealth that many of the recipient nations have accumulated dollars far in excess of their needs for commerce. Therefore, they demand gold in exchange for the dollars they earned from their exports — or we gave them — and, in the past 11 years, they have reduced our gold reserves from 23 Billion Dollars to 13 Billion, 800 Million Dollars.

While depleting our gold stockpile — which is the source of strength of the dollar — and increasing theirs, so-called "free-world" foreign nations have upped their short-term U. S. Dollar claims to 30 Billion Dollars (from 10 and One-half Billion Dollars 11 years previously). For these dollars, those countries can demand gold. And, if such a demand should come, the United States could not meet it. So, it is clearly within the power of those countries to wreck the economy and control the monetary system of our country.

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The United States is the only country in the world which is giving away its wealth. Other nations engaging in foreign aid are doing so on about the same basis on which they operated generations ago: Where loans are made, they are on "banker" terms, with short maturity dates and substantial rates of interest.

We are borrowing money to give away, when our public debt exceeds by 34 Billions of Dollars the combined public debt of all other nations of the world. Our generosity and overspending at home and abroad are forcing us out of many world markets. Most of those who act as bankers, and who have the right to commit this nation to billions of dollars in gifts and grants for programs throughout the world, could not by any fair evaluation qualify to serve on the board of a small bank. They are mainly conforming bureaucrats.

The practice of scattering the aid fund request throughout the budget and dealing with it at different times during the Congressional session tends to cause both the Congress and the public to lose sight of the total of the aid we are giving. Foreign aid is scattered throughout 15 bills presented to the Congress. Only the bill that I handle is ever publicized, but the total request in the several bills presented to the Congress for fiscal 1966 exceeds Seven and One-half Billion Dollars. Add the annual interest we are paying on the money we have borrowed to give away, and the cost will exceed *TEN AND ONE-HALF BILLION DOLLARS*. Fantastic, isn't it?

We had better look to our own economic health first. The Billions of Dollars we have given away since the end of World War II are adding to our distress in many fields.

Regardless of the statements of the "Great Society" architects, new funds requested and approved for the foreign aid program for fiscal 1966 amount to approximately *SEVEN AND ONE-HALF BILLION DOLLARS*. Fiscal 1966 will be one of the largest foreign-aid spending years since the program started. When will the American people finally wake up as to how badly they are being fooled and flimflammed about the foreign aid program?

Our foreign-aid program is indeed an enemy of our country because it destroys world markets and our monetary system, and it places a public debt upon the heads of unborn generations.

Wasteful and wild federal spending — the dissipation of your wealth, if you please — urgently needs to be curtailed, not only in aid to foreign countries, but also excessive spending for unnecessary programs in our own country.

The foreign-aid program is an ever-expanding program created through the scares and claims of the one-worlders, liberals, schemers, dreamers and personnel in our State Department and Embassies in 98 nations of the world.

There are those in the highest places in government who parade as conservatives but perform as liberals. A liberal is an individual with high-pressure feeling, low-pressure thinking, and a constant urge to give away that which belongs to somebody else.

The American form of government, as created by our Founding Fathers, made this Nation great, free and wealthy. Incentive creates initiative, and a combination of the two has given us what we have. Is it worth our efforts to keep our present form of government from being replaced by a socialistic form of government which destroys incentive and initiative?

Those who are insisting on spending money we do not have for things we do not need, thus reducing the purchasing power of the dollar and increasing the public debt, attempt to justify their actions by saying:

"Have no fear, because our population is increasing; and, on a per capita basis, we are holding our own on the public debt."

This reminds me of Henry and Lucy Jones, the parents of four children — a family of six, with an indebtedness of Three Thousand Dollars. Then, Lucy gave birth to triplets; and they borrowed an

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additional Fifteen Hundred Dollars, and spent that. With three more mouths to feed, they now owed Forty-five Hundred Dollars, but they applied the government formula: They reasoned that, though they had increased their indebtedness from Three Thousand Dollars to Forty-Five Hundred Dollars, their per capita debt remained the same!

We are confiscating the savings of the thrifty of the past through inflation, spending the revenues of the present, and borrowing billions of dollars from unborn generations, to create more and more programs for aid to more and more big groups of voters. There is a mad scramble on the part of the masses to get something for nothing, and this Administration is cooperating with these groups one hundred percent.

Could all this mean that the architects of the Executive branch plan to lull to sleep the recipients, hoping they will not observe too closely, or understand, while freedom-destroying legislation is being pushed through the Congress which will further restrict the individual and control his life?

Is it not time for Americans to take stock of their lost personal liberty—of their diminishing property rights—of their dwindling freedom to run their businesses without undue government interference?

If the people should ever start equating the blessings of the Great Society with all they have lost to obtain those things labeled "blessings," a day of reckoning would be at hand.

History is replete with facts that in other ages nations which followed the welfare-state path we are now following have crumbled. One example, if I may:

The philosopher Socrates, in the year 363 B. C., not long before the fall of one of the greatest civilizations of the past said:

"The poorer citizens have captured the government and have voted the property of the rich into the coffers of the state for redistribution among the voters."

Now, my friends, if all the plans for the "Great Society" are put into effect, and it appears that they will be, the people's reward for their reluctance to open their eyes—and see the faults —and make corrections—will be a complacent society with free enterprise shackled by government controls—if not government partnership—incentive deadened and initiative paralyzed—and with the government controlling the individual's life from the cradle to the grave.

In the end, our reward for complacency: A socialistic form of government in America.

Can it happen?

It is happening, now! The American people must find some way to restore sanity in Washington—and now—or it will be too late.

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU getting BA and MA degrees, 1938 and 1940. In 1941, he joined the faculty at Harvard as a Teaching Fellow, doing graduate work for a doctorate in American civilization. From 1942 to 1951, he was an FBI agent: three and a half years on communist investigations; two years on FBI headquarters staff; almost four years on general FBI cases in various places. He resigned from the FBI and, from 1951 to 1955, was commentator on national radio and television programs, giving *both* sides of controversial issues. In July, 1955, he started his present profit-supported, free-enterprise business: publishing *The Dan Smoot Report*, a weekly magazine available by subscription; and producing a weekly news-analysis radio and television broadcast, available for sponsorship by reputable business firms, as an advertising vehicle. The *Report* and broadcast give *one* side of important issues: the side that presents documented truth using the American Constitution as a yardstick. If you think Smoot's materials are effective against socialism and communism, you can help immensely — help get subscribers for the *Report*, commercial sponsors for the broadcast.

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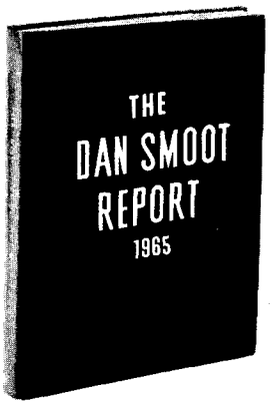

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